

Message Text

SECRET

PAGE 01 STATE 213857

13
ORIGIN EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02 OPIC-03

CIEP-01 LAB-04 SIL-01 OMB-01 IO-13 OES-06 AGR-05

FBO-02 /112 R

DRAFTED BY EUR/EE:KNBROWN:LCB

APPROVED BY C:H .SONNENFELDT

EUR:JAARMITAGE

S/P:MR. KAPLAN

H:MR. NELSON

USIA:MR. ARNOLD

EB:MR. KOPP

CU/EE: MR. RICHMOND

S/S: P. SHANKLE

INR: MR. MATUSEK

DESIRED DISTRIBUTION

IO/MLA:MACUK OES:GANLEY USDOC:DONEY TREAS:VASTME DOD:CAPT.STEELE

USDA:0ROWN A/FBO:STANGE

----- 028093

R 280102Z AUG 76

FM SECSTATE WASHDC

TO AMEMBASSY BUDAPEST

AMEMBASSY SOFIA

AMEMBASSY PRAGUE

INFO AMEMBASSY MOSCOW

USMISSION NATO

AMCONSUL MUNICH

AMEMBASSY BUCHAREST

AMEMBASSY BERLIN

AMEMBASSY WARSAW

AMEMBASSY BELGRADE

S E C R E T STATE 213857

SECRET

SECRET

PAGE 02 STATE 213857

E.O. 11652: GDS

TAGS: PFOR, CZ, HU, BU

SUBJECT: POLICY ASSESSMENT FOR HUNGARY, BULGARIA, AND
CZECHOSLOVAKIA: COMMON THEMES.

REF: PRAGUE 241, SOFIA 482, BUDAPEST 280

1. AN INTERAGENCY GROUP HAS MET TO REVIEW THE ANNUAL
POLICY ASSESSMENTS FOR HUNGARY, BULGARIA AND CZECHOSLOVAKIA.
THE EMBASSIES' SUBMISSIONS PROVIDED AN EXCELLENT BACKGROUND
FOR THE DISCUSSION, AND POSTS ARE COMMENDED FOR THE
THOROUGHNESS OF THEIR ANALYSES AND RECOMMENDATIONS. THIS
CABLE WILL COVER THE DISCUSSION OF GENERAL THEMES RELEVANT
TO ALL THREE COUNTRIES. SEPARATE MESSAGES WILL SHORTLY BE
SENT TO EACH POST RESPONDING SPECIFICALLY TO THE ITEMS
ADDRESSED BY EACH POLICY ASSESSMENT MESSAGE.

2. THE MEETING BROACHED THREE MAIN AREAS WHICH, FROM THE
WASHINGTON PERSPECTIVE, ARE KEY TO OUR POLICY TOWARDS
THESE COUNTRIES: MFN, US POLICY TOWARDS EASTERN EUROPE
(SPECIFICALLY THE POLICY OF RANKING COUNTRIES), AND THE
QUESTION OF CONTACTS AND EXCHANGES. PARTICIPATION BY
AMBASSADOR HERZ IN THE MEETING PROVIDED AN INVALUABLE
FIRSTHAND ANALYSIS AND CRITIQUE OF THE ISSUES.

3. MFN: ALTHOUGH KEY CONGRESSIONAL LEADERS MAY BE
WILLING TO TAKE A NEW LOOK AT TITLE IV AND TO REEXAMINE
THE EXPLICIT LINK BETWEEN MFN AND EMIGRATION, NO ONE IN
CONGRESS SEEMS WILLING TO CARRY THE BALL ON THE PROBLEM
AT THIS TIME. THUS, WE CANNOT EXPECT ACTION ON THE TRADE
ACT BEFORE NEXT YEAR. THE GENERAL CONSENSUS OF THE
MEETING WAS THAT TO A LARGE EXTENT THE PROSPECTS FOR
EVENTUAL NORMALIZATION OF TRADE RELATIONS HAVE ENCOURAGED
THE THREE COUNTRIES TO TAKE A MORE POSITIVE ATTITUDE
TOWARDS IMPROVING TIES WITH US. THEIR FIVE-YEAR PLANS ARE
SUFFICIENTLY FLEXIBLE TO PERMIT THEM TO ADJUST TO THE
INCREASED ECONOMIC ACTIVITY THAT MIGHT ACCOMPANY THE
GRANTING OF MFN, AND IT APPEARS THAT ALL THREE HOPE THAT

SECRET

SECRET

PAGE 03 STATE 213857

TRADE NORMALIZATION CAN OCCUR REASONABLY SOON. THE NEWLY-
CREATED JOINT ECONOMIC COUNCILS NOT ONLY PROVIDE FORUMS
IN WHICH BUSINESS LEADERS AND TRADE OFFICIALS CAN DISCUSS
FUTURE TRADE PROSPECTS, BUT ALSO EXEMPLIFY THE ANTICIPATION
OF HUNGARIAN, BULGARIAN AND CZECHOSLOVAK OFFICIALS AND
THE US BUSINESS COMMUNITY THAT MFN WILL BE EXTENDED IN DUE
COURSE. FACTORS SUCH AS THE US AND WORLD ECONOMIC
SITUATION, HARD CURRENCY DEFICITS AND THE INTERNAL

POLITICAL IMPLICATIONS OF A LARGE PROPORTION TOTAL TRADE WITH THE FRG WERE RECOGNIZED AS PLAYING AN IMPORTANT ROLE FOR EACH COUNTRY (ALTHOUGH LESS SO FOR BULGARIA) IN DETERMINING HOW RAPIDLY AND TO WHAT EXTENT THE GRANTING OF MFN WOULD RESULT IN INCREASED BILATERAL TRADE.

4. THE MEETING ALSO ADDRESSED THE QUESTION OF HOW BILATERAL TRADE WOULD BE AFFECTED IF THE THREE COUNTRIES PERCEIVED THAT MFN PROSPECTS IN THE NEAR TERM WERE NOT GOOD. WOULD THEY BE AS FORTHCOMING IN BILATERAL RELATIONS AS THEY ARE NOW? THE CONSENSUS WAS THAT THEY WOULD NOT, ALTHOUGH IT WAS NOTED THAT HUNGARIAN, BULGARIAN AND CZECHOSLOVAK WILLINGNESS TO MOVE AHEAD WITH THE US IS ULTIMATELY DEPENDENT UPON SOVIET ASSENT AS WELL AS THE CLIMATE PREVAILING IN THE US-SOVIET RELATIONSHIP. IF MOSCOW OPTED FOR IMPROVED RELATIONS WITH THE US DESPITE DIM PROSPECTS FOR MFN, THEN WE COULD EXPECT CONTINUED SMALL IMPROVEMENT, OR AT LEAST A HOLDING PATTERN IN OUR RELATIONS WITH THE THREE. MANY OBSERVERS AT THE MEETING FELT, HOWEVER, THAT THERE ARE REASONABLY GOOD PROSPECTS FOR IRONING OUT TRADE ACT DIFFICULTIES IN THE NEAR FUTURE (12 TO 18 MONTHS), AND THAT AT THIS TIME ECONOMIC RELATIONS WITH THE THREE ARE OUR PRIMARY MEANS OF INCREASING US INFLUENCE ON THE COURSE OF EVENTS IN THESE COUNTRIES.

5. RANKING COUNTRIES: THE PARTICIPANTS DEBATED THE PROS AND CONS OF RANKING EE COUNTRIES. ON THE MINUS SIDE, IT WAS NOTED THAT RANKING CAN HAVE THE UNFORTUNATE EFFECT OF REDUCING THE "CAMOUFLAGE" NEEDED BY EE COUNTRIES WITH WHICH WE HAVE MORE ACTIVE BILATERAL RELATIONS. THE POSITIONS OF ROMANIA AND POLAND ON THE "PECKING ORDER" IS OBVIOUS TO THE SOVIETS AND PLACES THOSE COUNTRIES

SECRET

SECRET

PAGE 04 STATE 213857

MORE IN THE LIMELIGHT THAN THEY WOULD WISH TO BE. MOREOVER, IT WAS ARGUED THAT RANKING DOES NOT PERMIT SUFFICIENT FLEXIBILITY ON OUR PART TO REACT TO POTENTIALLY ADVANTAGEOUS SITUATIONS. TO MOVE AS FAR AND AS FAST WITH EACH EE COUNTRY AS WE JUDGE IT TO BE IN OUR INTERESTS COULD INCREASE OUR PRESENCE AND LEVERAGE ON EACH COUNTRY'S POLICIES.

- - -

6. IN CONTRAST TO ARGUMENTS FOR GOING AS FAR AS POSSIBLE, WITHIN OUR INTERESTS, WITH EACH EE COUNTRY THE QUESTION WAS RAISED AS TO WHY WE SHOULD PUSH AHEAD IN OUR RELATIONS WITH BULGARIA, FOR EXAMPLE, WHEN THAT COUNTRY REPRESENTS FOR THE SOVIETS AN "IDEAL TYPE" WHICH MOSCOW WOULD HOPE TO SEE ALL OVER EASTERN EUROPE. MIGHT NOT MOVING AHEAD WITH THE BULGARIANS INDICATE TO OTHER EES

THAT BULGARIAN-STYLE ADHERENCE TO SOVIET DESIDERATA NEED
NOT BE AN IMPEDIMENT TO IMPROVED RELATIONS WITH THE US?
IF WE WERE TO ABANDON SEQUENCING OF EE COUNTRIES, IN
OTHER WORDS, IT COULD UNDERMINE OUR DESIRE TO PROCEED
WITH A CARROT AND STICK APPROACH AND WOULD MAKE EVEN
LESS CLEAR TO EES, THE REST OF THE WORLD AND THE US PUBLIC,
WHAT IT IS WE SEEK IN TERMS OF BEHAVIOR ON THE PART OF EE
GOVERNMENTS.

7. COMMENT: U.S. POLICY REMAINS THAT OF PROCEEDING WITH
EE COUNTRIES SEQUENTIALLY, BUT WE CAN EXAMINE SPECIFIC
INSTANCES WHEN BEHAVIOR OF A PARTICULAR COUNTRY MIGHT
SUGGEST THE UTILITY OF OUR MOVING FASTER OR SLOWER PACE
IN IMPROVING BILATERAL RELATIONS. END COMMENT.

8. CONTACTS AND EXCHANGES: THE PROGRESS WE HAVE SEEN IN
MOSCOW, WHERE OUR EMBASSY OFFICIALS ARE ENJOYING IMPROVED
ACCESS TO SOVIET OFFICIALS, HAS NOT THUS FAR BEEN REFLECTED
IN BULGARIA OR CZECHOSLOVAKIA. HUNGARY'S PERFORMANCE IN
THIS REGARD HAS BEEN MARKEDLY BETTER BOTH IN TERMS OF
ACCESS TO HIGH-LEVEL OFFICIALS AND IN TERMS OF LOWER-LEVEL
WORKING CONTACTS. THE FEELING WAS THAT THE CZECHOSLOVAKS'
PERFORMANCE IS, IF ANYTHING, WORSE THAN THE BULGARIANS,
AT LEAST PARTLY DUE TO THE PERSISTENT FEAR OF MIDDLE AND
LOW-LEVEL CZECHOSLOVAK OFFICIALS TO HAVE CONTACTS WITH
WESTERNERS, REFLECTING THE CONTINUED EFFECTS OF 1968 AND
SECRET

SECRET

PAGE 05 STATE 213857

THE UNCERTAINTIES ASSOCIATED WITH "CONSOLIDATION". IT WAS
AGREED THAT WE SHOULD CONTINUE TO PRESS FOR MORE CALLS
AND VISITS (PARTICULARLY WITH PARTY OFFICIALS) TO DISCUSS
AND CLARIFY OUR BILATERAL PROBLEMS. IN THIS REGARD,
THE CULTURAL/EDUCATIONAL SIDE OF OUR EXCHANGE NEGOTIATIONS
SHOULD GIVE PRIORITY TO SENDING AND RECEIVING POLITICAL
AND ECONOMIC LEADERS. KISSINGER

SE

Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: REPORTS, FOREIGN RELATIONS, FOREIGN POLICY POSITION
Control Number: n/a
Copy: SINGLE
Draft Date: 28 AUG 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE213857
Document Source: CORE
Document Unique ID: 00
Drafter: KNBROWN:LCB
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760328-1275
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760810/aaaaahxc.tel
Line Count: 203
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EUR
Original Classification: SECRET
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: SECRET
Previous Handling Restrictions: n/a
Reference: 76 PRAGUE 241, 76 SOFIA 482, 76 BUDAPEST 280
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 09 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 APR 2004 by greeneet>; APPROVED <03 AUG 2004 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: POLICY ASSESSMENT FOR HUNGARY BULGARIA AND CZECHOSLOVAKIA COMMON THEMES
TAGS: PFOR, CZ, HU, BU
To: BUDAPEST SOFIA PRAGUE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006